1984 Annual Report

PUBLIC UTILITIES BOARD

of the Northwest Territories

36-0933/

Northwest Territories

Public Utilities Board Annual Report

For the year ending
December 31, 1984

John H. Parker
Commissioner
Government of the Northwest Territories
Yellowknife, N.W.T.

Sir:

The undersigned takes pleasure in submitting the Annual Report of the Northwest Territories Public Utilities Board for the calendar year ending December 31, 1984.

Respectfully submitted,

Tagak Curley
Minister for Energy, Mines
and Resources Secretariat

The Honourable Tagak Curley
Minister for Energy, Mines
and Resources Secretariat

Sir:

I have the honour to present the report of the activities of the Northwest Territories Public Utilities Board for the calendar year ending December 31, 1984.

Respectfully submitted,

Jack Health
Chairman
Public Utilities Board

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Organization of the Board

The Board

Chairman	Jack Heath (Inuvik)
Vice-Chairman	Beulah Philipot (Yellowknife)
Member	Archie Bevington (Fort Smith)
Member	David Fox (Frobisher Bay)
Member	Raymond Mercer (Rankin Inlet)

Board Staff

Executive Director	Dale S. Thomson
Technical Analyst/Researcher	Leonard Parente
Regulatory Clerk	Sylvia J. Turner
Senior Legal Counsel — Energy	Jeffrey G. Gilmour Department of Justice & Public Services
Consultants	Stephen Johnson Chartered Accountants — W.G. Stephen
	I. D. Engineering Co. Ltd. Director — Utility Regulation Lawrence F. Schmidt, P. Eng.

Office Location

Franklin Ave. & 46th Street
Yellowknife, N.W.T.

Mailing Address

Public Utilities Board
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Yellowknife, N.W.T.
XIA 2N5
Telephone (403) 873-7495
Telex 034-45531

The Board

The Public Utilities Board is empowered pursuant to Territorial Legislation (Public Utilities Ordinance, 1974 Chapter P-17) as amended.

The mandate of the Board as expressed by its Ordinance is to regulate public utilities by means of approving franchise agreements and fixing utility rates and charges.

The Board upholds and operates within the Policy on Public Boards implanted by the Government of the Northwest Territories.

This directive ensures that public boards such as the P.U.B. operate somewhat independently from the government of the day yet at the same time allows for the issuance of Memoranda of Instruction from the Executive. Such Memoranda may direct the Board on policy, regulation, board management and financial matters. However, they are not to direct or influence the Board in its adjudication of a specific case nor are they to alter in any way a previous judgment of the Board. The P.U.B. views this directive as an appropriate measure to ensure accountability of appointed tribunals and, as well, to allow the Board a necessary degree of autonomy.

Regulated Utilities

Presently the Board regulates three utilities:

Northland Utilities (N.W.T.) Ltd.
Head Office: Hay River, N.W.T.

I.C.G. Utilities (Northwest Territories) Ltd.
Head Office: Leduc, Alberta

Northern Canada Power Commission
Head Office: Edmonton, Alberta

Public Utilities Board Decisions In Summary — 1984

Decisions 1-84 May 15, 1984

Proposed	Ordered
I.C.G. Utilities (Plains Western) proposed that it be allowed to assign its franchise for electricity distribution for the City of Yellowknife to I.C.G. Northern Utilities Ltd. Essentially, what was proposed was a change of name as there were no other major organizational changes.	Approved to be effective as of April 1, 1984.

Decision 2-84 October 11, 1984

Proposed	Ordered
Northland Utilities (N.W.T.) Limited proposed that the franchise agreement with the Town of Hay River be extended for a further ten years	The franchise agreement was approved to be effective retroactively to July 11, 1981.

1984 In Summary

The year 1984 was not an overly active year for the Board. Only two decisions were reached and only one application was received. This is no indication, however, of the future prospects of this Board, 1985 may prove to be the transition year for the P.U.B. in terms of Board activity.

Decision 2-84 was the culmination of three years of legal and jurisdictional battles between the Board and Alberta Power on one side and the Town of Hay River on the other. The problem stemmed from a controversy over the franchise tax formula to be imposed by the Town. The Board ordered that the franchise formula be changed in the agreement and the Town challenged the Board's authority to change this. A court decision ruled that the Board did not have the authority to change the terms of the agreement but nevertheless the agreement would still be subject to the final approval by the P.U.B. After considerable negotiation the Town and the Board agreed to a workable franchise formula and this resulted in the final franchise agreement. Due to these delays ratification of the agreement did not take place until the fall of 1984 in the form of Order 2-84.

In early 1983, I.C.G. Utilities (Northwest Territories) Ltd. and Northland Utilities (NWT) Ltd. both applied for a franchise to distribute natural gas and other forms of gaseous energy to the Town. The applications also proposed distributing the natural gas in a number of other communities, including Pine Point. In April 1983, the Town Council requested the assistance of the Commissioner in the review of these applications. The P.U.B. was instructed to assist the Town in this matter in June 1983. Following advertisements for proposals, a public hearing was held in Hay River in December 1983, and a report compiled by the Board's consultants, I.D. Engineering was completed in April 1984. The report includes an overview of both companies' applications, a discussion of the major issues as well as an analysis and evaluation of the proposals. The applicants submitted information on market potential, distribution equipment and costs, operation and construction standards, gas supply and energy rates.

The consultants chose five decision criteria to arrive at their recommendation as to which company would be more suitable to serve the Town of Hay River as well as the Town of Pine Point. They considered; 1) the ability to arrange for a gas supply, 2) ability to complete the project, 3) criteria that determined the proposed gas rates, 4) past experience and construction standards and 5) the level of customer service provided as the main factors in deciding which company was more suitable. For reasons not discussed here the report recommended that Northland Utilities (N.W.T.) Limited would be the better choice to undertake the project. A copy of the report is available from the P.U.B.

A major setback for the P.U.B. occurred this year as N.C.P.C. informed the Board that again it would not be filing an application for a rate increase but would be increasing its rates by 5% in conjunction with the federal 6%/5% restraint program. The Power Commission also informed the Board that it no longer considered itself subject to the N.W.T. Public Utilities Ordinance. As a result of Ministerial direction of the Honourable John C. Munro, the then Minister of Indian and Northern Affairs the National Energy Board will conduct an inquiry and make recommendations for N.C.P.C. The P.U.B. does not recognize the N.E.B. as the adequate regulator in terms of giving the people of the Northwest Territories an active role in determining the fairness of rates and prudence of investment in this field.

In June of this year, Board membership was enhanced by the appointments of Raymond Mercer and David Fox.

Raymond Mercer was appointed to the P.U.B. on June 18, 1984 to hold a three year term as a member. Mr. Mercer has lived in the North since 1963. He began working at Baker Lake for the Hudson Bay Company.

He worked for the Bay for nine years in total, at various Eastern Arctic Settlements. After being married in Rankin Inlet he ended his career with the Bay and moved to Gjoa Haven to become a settlement secretary for Local Government. He held this position for four years then in 1976 became the area office manager for N.C.P.C. in Rankin Inlet. In 1980 he became N.W.T.'s first airport manager under the Territorial Government system for the Hamlet of Rankin Inlet. Two years later he decided to become a private businessman developing M & T Enterprises. He currently lives in Rankin Inlet, is president of the Keewatin Chamber of Commerce and is fluent in Inuktitut.

David Fox was also appointed to the P.U.B. on June 18, 1984 to hold a three year term as a member. Mr. Fox has lived in the North for almost ten years. He was born in England and came to Canada in 1953. He lived in Montreal until 1973 when he left for a round the world trip which lasted two years and landed him in Frobisher Bay. After working for the Frobisher Inn for awhile, he began to work for the Government Services Department of the G.N.W.T. as a Petroleum Products Clerk then as a Petroleum Products Officer. He left the Government after four years of service to set up his own business. He currently owns and operates Baffin Video and Stereo and is a partial owner of Eastern Arctic TV. He is married and has three children and is also a member of the Frobisher Bay Chamber of Commerce and the Frobisher Bay Ratepayers Association.

The Board office staff was also expanded in 1984 to make room for a research analyst. The position was filled by Leonard Parente. Mr. Parente originally from Hamilton, Ontario, came to the north in early 1984 and holds a Master of Business Administration and a Bachelor of Commerce.

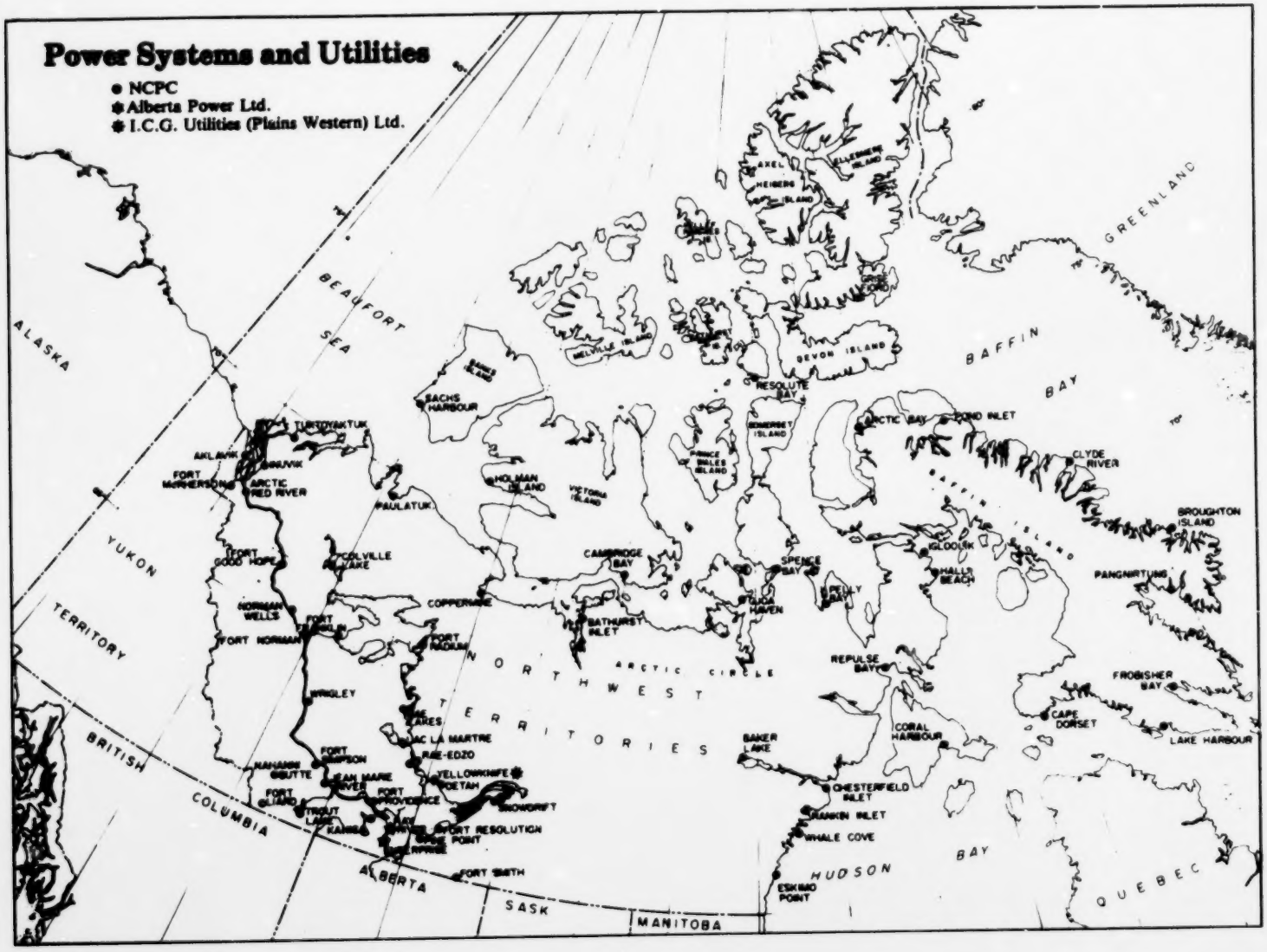
A Look Ahead — 1985

The Board looks forward to the results of several long term undertakings that will offer some significant additional opportunities for N.W.T. citizens to participate in the public review process:

Revisions of the Public Utilities Ordinance to clearly identify the mandate of the N.W.T.-P.U.B. in the expanding and diversifying utility industries in the N.W.T.

Clarification of the Board's involvement with Northern Canada Power Corporation following current National Energy Board investigations.

Establishment of coordinating guidelines to ensure that the Public Utilities Board and various G.N.W.T. agencies and departments concerned with utility development and delivery of services neither duplicate nor overlook major long-term considerations.


Power Systems and Utilities
• NCPC
* Alberta Power Ltd.
* I.C.G. Utilities (Plains Western) Ltd.
ALASKA
BEAUFORT SEA
YUKON TERRITORY
BRITISH COLUMBIA
ALBERTA
SASK
MANITOBA
NORTHWEST TERRITORIES
ARCTIC CIRCLE
HUDSON BAY
QUEBEC
BAFFIN BAY
GREENLAND
BAFFIN ISLAND
AXEL HEIBERG ISLAND
ELLESMERE ISLAND
DEVON ISLAND
BANKS ISLAND
VICTORIA ISLAND
PRINCE WALES ISLAND
SOMERSET ISLAND
BACHS HARBOUR
RESOLUTE BAY
HOLMAN ISLAND
TUKTOYAKTUK
AKLAVIK
INUVIK
FORT MACPHERSON
ARCTIC RED RIVER
PAULATUK
FORT GOOD HOPE
COLVILLE LAKE
NORMAN WELLS
FORT NORMAN
COPPERMINE
CAMBRIDGE BAY
BATHURST INLET
FORT NELSON
WRIGLEY
FORT LIARD
FORT SIMPSON
NAHANNI BUTTE
JEAN MARIE RIVER
FORT PROVIDENCE
TROUT LAKE
KAKISA
FORT RESOLUTION
HAY RIVER
FORT SMITH
LAC LA MARTRE
RAE-EDZO
YELLOWKNIFE *
DETAH
SNOWDRIFT
SPENCE BAY
GJOA HAVEN
REPULSE BAY
BAKER LAKE
CHESTERFIELD INLET
RANKIN INLET
WHALE COVE
ESKIMO POINT
ARCTIC BAY
POND INLET
CLYDE RIVER
IGLOOLIK
HALL'S BEACH
BROUGHTON ISLAND
PANGNIRTUNG
FROBISHER BAY
CAPE DORSET
LAKE HARBOUR
CORAL HARBOUR